

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name		County
Fiscal Year End	Opinion Date		Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

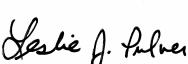
YES  
NO

**Check each applicable box below.** (See instructions for further detail.)

1. ☐ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☐ The local unit has adopted a budget for all required funds.
5. ☐ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☐ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☐ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☐ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☐ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☐ The audit opinion is UNQUALIFIED.
13. ☐ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☐ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name)		Telephone Number		
Street Address		City	State	Zip
Authorizing CPA Signature 	Printed Name		License Number	

# **West Bloomfield Township Parks and Recreation Commission**

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**Financial Report  
with Supplemental Information  
December 31, 2006**

# **West Bloomfield Township Parks and Recreation Commission**

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## Independent Auditor's Report

West Bloomfield Township  
Parks and Recreation Commission  
Oakland County, Michigan

We have audited the accompanying basic financial statements of West Bloomfield Township Parks and Recreation Commission as of December 31, 2006 and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of West Bloomfield Township Parks and Recreation Commission's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of West Bloomfield Township Parks and Recreation Commission as of December 31, 2006 and the changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and the budgetary comparison schedule, as identified in the table of contents, are not required parts of the basic financial statements, but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

*Plante & Moran, PLLC*

May 10, 2007

# West Bloomfield Township

## Parks and Recreation Commission

### Management's Discussion and Analysis

Our discussion and analysis of West Bloomfield Township Parks and Recreation Commission's (the "Commission") financial performance provides an overview of the Commission's financial activities for the year ended December 31, 2006. Please read it in conjunction with the Commission's financial statements.

#### West Bloomfield Township Parks and Recreation Commission as a Whole

The following table shows, in condensed format, a comparison of the net assets as of the current year to the prior year:

TABLE I

	2006	2005
<b>Assets</b>		
Current assets	\$ 4,967,355	\$ 4,866,099
Noncurrent assets	<u>18,543,948</u>	<u>18,340,842</u>
Total assets	23,511,303	23,206,941
<b>Liabilities</b>		
Current liabilities	3,616,186	3,542,286
Long-term liabilities	<u>760,564</u>	<u>1,330,556</u>
Total liabilities	<u>4,376,750</u>	<u>4,872,842</u>
<b>Net Assets</b>		
Invested in capital assets - Net of related debt	17,913,948	17,095,842
Unrestricted	<u>1,220,605</u>	<u>1,238,257</u>
Total net assets	<u><b>\$ 19,134,553</b></u>	<u><b>\$ 18,334,099</b></u>

The Commission's combined net assets increased by approximately \$800,000. Revenues increased by approximately 3 percent. This increase is due primarily to property tax revenue increasing due to the rise in taxable value of properties within the Township.

# West Bloomfield Township

## Parks and Recreation Commission

### Management's Discussion and Analysis (Continued)

Expenses increased from the prior year by approximately 5 percent. This increase is partly attributable to personnel costs related to higher salaries and health benefits of current and retired employees.

The following table shows the change in net assets during the current year compared to the prior year:

TABLE 2

	2006	2005
<b>Revenue</b>		
Property taxes	\$ 3,301,818	\$ 3,156,469
Recreation program fees and other user charges	489,163	411,080
Facility rental revenue	32,635	-
Interest	126,467	72,905
Smart transportation grants	171,451	200,493
Other income	82,413	222,435
Sponsorship income	10,600	7,600
CDBG senior support	28,873	33,775
Tree grants	500	1,625
Total revenue	4,243,920	4,106,382
<b>Expenses</b>		
Commission	29,930	29,808
Administration	813,042	799,833
Recreation	1,182,914	1,033,522
Park operations	1,186,822	1,134,539
Transportation	199,036	199,208
Debt service	31,723	54,163
Park development and capital improvements	-	40,940
Total expenses	3,443,467	3,292,013
<b>Change in Net Assets</b>	<b>\$ 800,453</b>	<b>\$ 814,369</b>

# **West Bloomfield Township Parks and Recreation Commission**

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## **Management's Discussion and Analysis (Continued)**

### **Governmental Activities**

The Commission's total revenues increased during the current year by approximately \$138,000 due to various factors including the increase in property taxes, program fees, and investment income. Overall expenses were slightly increased this year due to programmed personnel costs, including medical benefits, and other heightened costs, including legal fees, fuel costs, and natural gas and electricity increases.

### **General Fund Budgetary Highlights**

Over the course of the year, the Commission amended the budget to take into account events during the year. Overall, the Commission stayed below budget, resulting in total expenditures being below the budget figures. This allowed the General Fund's fund balance to increase from approximately \$1,210,000 at December 31, 2005 to approximately \$1,280,000 at December 31, 2006.

### **Economic Factors and Next Year's Budgets and Rates**

West Bloomfield Township Parks and Recreation Commission's budget for next year is very similar to the 2006 budget. Revenue is higher due to projected increases in both taxes received and recreation income. Expenditures are also higher due to an increase in recreation program expenses and staffing. The Commission has budgeted monies to begin design work for improvements at Marshbank Park. Park operations has budgeted funds for the replacement of a truck, van, and tractor with backhoe and equipment trailer. Additionally, the Commission has included approximately \$108,000 in expenditures to begin the prefunding of its retiree health care obligation. The Commission will also work hard to maintain a budget that provides for an adequate fund balance.

### **Contacting the Commission's Management**

This financial report is intended to provide our citizens, customers, and investors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Commission's office.

# West Bloomfield Township

## Parks and Recreation Commission

### Governmental Fund Balance Sheet - Statement of Net Assets December 31, 2006

	Balance Sheet - Modified Accrual	Adjustments (Note 2)	Statement of Net Assets - Full Accrual
<b>Assets</b>			
Cash and cash equivalents (Note 3)	\$ 1,207,531	\$ -	\$ 1,207,531
Investments (Note 3)	190,538	-	190,538
Receivables:			
Grants	96,833	-	96,833
Property taxes	1,702,198	-	1,702,198
Tax collections due from West Bloomfield Township	1,745,157	-	1,745,157
Interest	11,056	-	11,056
Other	856	-	856
Other assets	13,186	-	13,186
Capital assets - Net (Note 4):			
Nondepreciable	-	10,242,987	10,242,987
Depreciable	-	8,300,961	8,300,961
Total assets	<b>\$ 4,967,355</b>	18,543,948	23,511,303
<b>Liabilities and Fund Equity</b>			
<b>Liabilities</b>			
Accounts payable and other liabilities	\$ 85,268	3,914	89,182
Accrued payroll and related taxes	37,921	-	37,921
Deferred property tax revenue	3,447,356	-	3,447,356
Deferred revenue (Note 6)	116,496	(74,769)	41,727
Noncurrent liabilities (Note 7):			
Bonds payable, due within one year	-	630,000	630,000
Compensated absences, due within one year	-	45,436	45,436
Compensated absences, due in more than one year	-	85,128	85,128
Total liabilities	3,687,041	689,709	4,376,750
<b>Fund Equity - Unreserved</b>			
Designated for subsequent year's budgeted expenditures in excess of budgeted revenue	352,012	(352,012)	
Undesignated	928,302	(928,302)	
Total fund equity	1,280,314	(1,280,314)	
Total liabilities and fund equity	<b>\$ 4,967,355</b>		
<b>Net Assets</b>			
Invested in capital assets - Net of related debt		17,913,948	17,913,948
Unrestricted		1,220,605	1,220,605
Total net assets		<b>\$ 19,134,553</b>	<b>\$ 19,134,553</b>



# West Bloomfield Township

## Parks and Recreation Commission

### Statement of Governmental Fund Revenue, Expenditures, and Changes in Fund Equity - Statement of Activities Year Ended December 31, 2006

	Revenues and Expenditures - Modified Accrual	Adjustments (Note 2)	Statement of Activities - Full Accrual
<b>Revenue</b>			
Property taxes:			
General	\$ 936,160	\$ -	\$ 936,160
Land	1,486,692	-	1,486,692
Active recreation	878,966	-	878,966
Recreation program fees and other user charges	489,163	-	489,163
Facility rental revenue	32,635	-	32,635
Interest	126,467	-	126,467
SMART transportation grants	190,013	(18,562)	171,451
Other income	28,732	53,681	82,413
Sponsorship income	10,600	-	10,600
CDBG senior support	57,057	(28,184)	28,873
Tree grants	500	-	500
<b>Total revenue</b>	<b>4,236,985</b>	<b>6,935</b>	<b>4,243,920</b>
<b>Expenditures</b>			
Commission	29,930	-	29,930
Administration	726,605	86,437	813,042
Recreation	1,113,806	69,108	1,182,914
Park operations	1,060,839	125,983	1,186,822
Transportation	184,592	14,444	199,036
Debt service:			
Karner and Schulak Farms	286,693	(271,778)	14,915
Family Aquatic Center	363,849	(347,041)	16,808
Park development and capital improvements	400,389	(400,389)	-
<b>Total expenditures</b>	<b>4,166,703</b>	<b>(723,236)</b>	<b>3,443,467</b>
<b>Change in Fund Equity/Net Assets</b>	<b>70,282</b>	<b>730,171</b>	<b>800,453</b>
<b>Fund Equity/Net Assets</b>			
Beginning of year	1,210,032	17,124,068	18,334,100
End of year	<u>\$ 1,280,314</u>	<u>\$ 17,854,239</u>	<u>\$ 19,134,553</u>

# **West Bloomfield Township Parks and Recreation Commission**

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**Notes to Financial Statements  
December 31, 2006**

## **Note 1 - Summary of Significant Accounting Policies**

The accounting policies of West Bloomfield Township Parks and Recreation Commission (the "Commission") conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies used by the Commission:

### **Reporting Entity**

The Commission is governed by an elected seven-member board of commissioners. The accompanying basic financial statements have been prepared in accordance with criteria established by the Government Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. Based on these criteria, there are no component units of the Commission that are to be included in the reporting entity.

### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The Commission's basic financial statements include both government-wide (reporting the Commission as a whole) and fund financial statements (reporting the Commission's major fund).

### **Government-wide Financial Statements**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants, property taxes, charges for services, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Commission considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

# **West Bloomfield Township**

## **Parks and Recreation Commission**

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**Notes to Financial Statements**  
**December 31, 2006**

### **Note 1 - Summary of Significant Accounting Policies (Continued)**

Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, expenditures related to debt service and compensated absences are recorded only when payment is due.

Interest earned on investments is recorded on the accrual basis.

The General Fund is the Commission's operating fund. It accounts for all financial resources of the Commission. General Fund activities are financed by revenue from general property taxes, program fees, and other sources. The General Fund is also used for the acquisition, preservation, enhancement, and maintenance of land for parks and recreational purposes and the acquisition, development, maintenance, and operation of public parkland facilities, specifically the development of youth and community active recreational sites.

#### **Assets, Liabilities, and Net Assets or Equity**

**Bank Deposits and Investments** - Cash and cash equivalents include cash on hand and demand deposits. Investments are recorded at fair value based on quoted market prices.

**Property Taxes** - Properties are assessed as of December 31 and the related property taxes are billed and become a lien on December 1 of the following year. They are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. Property taxes billed during the month of December will be used to finance the following year's operations. As such, these taxes are recorded as deferred revenue in the fund at December 31.

The 2005 taxable valuation of the Township totaled \$3.82 billion, on which taxes levied consisted of total mills related to parks and recreation of .8644, of which .2451 mills were for operating purposes, .3892 mills were for land acquisition, and .2301 mills were for active recreation programs. This resulted in approximately \$936,000 for operations, \$1.5 million for land acquisition, and approximately \$879,000 for active recreation programs. These amounts are recognized in the General Fund as tax revenue.

**Capital Assets** - Capital assets, which include property, plant, equipment, and vehicles, are reported in the statement of net assets. Capital assets are defined by the Commission as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

# West Bloomfield Township

## Parks and Recreation Commission

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**Notes to Financial Statements**  
**December 31, 2006**

### **Note 1 - Summary of Significant Accounting Policies (Continued)**

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and structures	25-40 years
Computer technology	4-8 years
Land improvements	10-20 years
Machinery and equipment	5-10 years
Office furniture and fixtures	10-20 years
Vehicles	5-10 years

**Compensated Absences** - It is the Commission's policy to permit full-time employees to accumulate earned but unused sick, vacation, and personal day benefits. All compensated absence pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund only for employee terminations as of year end.

**Deferred Revenue** - The governmental fund modified accrual basis financial statements and the government-wide full accrual financial statements report deferred revenue in connection with revenue that has not been earned since it relates to advance collection of program fees or grant money for programs which will be provided subsequent to the end of the current year.

**Long-term Obligations** - In the statement of net assets, long-term debt and other long-term obligations are reported as liabilities.

**Fund Equity** - In the modified accrual basis financial statements, the governmental fund reports reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Other accounting policies are disclosed in other notes to the financial statements.

# West Bloomfield Township

## Parks and Recreation Commission

**Notes to Financial Statements**  
**December 31, 2006**

### **Note 2 - Reconciliation of Government-wide and Fund Financial Statements**

Total fund balance and the net change in fund balance of the Commission's General Fund differs from net assets and change in net assets reported in the statement of net assets and the statement of activities - full accrual basis. This difference results primarily from the long-term current financial resources measurement focus of the statement of net assets and the statement of activities versus the economic focus of the statement of the General Fund balance sheet and the statement of revenue, expenditures, and changes in fund equity. The reconciliations of fund balance to net assets and the net change in fund balance to the net change in net assets are as follows:

<b>Total Fund Equity - Modified Accrual Basis</b>	<b>\$ 1,280,314</b>
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Amounts reported in the statement of net assets are different because:

Capital assets are not financial resources and are not reported in the fund	18,543,948
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Grants not received within 60 days of year end are not available currently and are not reported in the fund	74,769
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Interest amounts on long-term liabilities are not payable until due in the fund	(3,914)
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Long-term liabilities are not due and payable in the current period and are not reported in the fund	(630,000)
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Compensated absences are not due and payable in the current period and are not reported in the fund	<u>(130,564)</u>
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<b>Total Net Assets - Full Accrual Basis</b>	<b><u><u>\$19,134,553</u></u></b>
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# West Bloomfield Township

## Parks and Recreation Commission

### Notes to Financial Statements December 31, 2006

#### Note 2 - Reconciliation of Government-wide and Fund Financial Statements (Continued)

<b>Net Change in Fund Equity - Modified Accrual Basis</b>	<b>\$ 70,282</b>
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Amounts reported in the statement of activities are different because:

Capital outlays are reported as expenditures in the statement of revenue, expenditures, and changes in fund balance; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:

Capital outlay	533,645
Depreciation	(384,220)

Revenue associated with assets contributed by others is recorded in the statement of activities; it is not reported in the fund	53,681
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Grant revenues are recorded in the statement of activities when earned; they are not reported in the fund until collected or collectible within 60 days of year end	(46,746)
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Repayment of bond principal is an expenditure in the governmental fund, but not in the statement of activities (where it reduces long-term debt)	615,000
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Accrued interest payable is recorded when due in the governmental fund	3,819
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Changes in accumulated employee sick and vacation pay are recorded when earned in the statement of activities	<u>(45,008)</u>
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<b>Change in Net Assets of Governmental Activities - Full Accrual Basis</b>	<b><u>\$ 800,453</u></b>
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# **West Bloomfield Township**

## **Parks and Recreation Commission**

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**Notes to Financial Statements**  
**December 31, 2006**

### **Note 3 - Deposits and Investments**

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The Commission is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The investment policy adopted by the Commission in accordance with Public Act 196 of 1997 has authorized investment in all of the investments allowable by the state statutory authority as listed above. The Charter Township of West Bloomfield performs the investment function on behalf of the Commission. The Commission's deposits and investment policies are in accordance with statutory authority.

The Commission's deposits and investments are subject to several types of risk, which are examined in more detail below:

#### **Custodial Credit Risk of Bank Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it. The Commission does not have a deposit policy for custodial credit risk.

The Commission's deposits, shown as cash on the balance sheet, are administered by the Charter Township of West Bloomfield (the "Township") and are held in separate accounts in the name of the Township. The federal depository insurance coverage pertains to all the deposits of the Township; hence, the specific coverage pertaining to the Commission's deposits, if any, is not determinable. The Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

# West Bloomfield Township

## Parks and Recreation Commission

### Notes to Financial Statements December 31, 2006

#### Note 3 - Deposits and Investments (Continued)

##### Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Commission's investment policy does not further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Bank investment pool	\$ 190,538	AI	S&P

#### Note 4 - Capital Assets

Capital asset activity of the Commission's governmental activities was as follows:

	Balance January 1, 2006	Additions	Deletions	Balance December 31, 2006
Capital assets not being depreciated - Land	\$ 10,242,987	\$ -	\$ -	\$ 10,242,987
Capital assets being depreciated:				
Buildings and structures	5,613,352	89,262	-	5,702,614
Computer technology	61,824	2,924	(1,153)	63,595
Land improvements	3,731,253	244,146	-	3,975,399
Machinery and equipment	683,580	131,564	-	815,144
Office furniture and fixtures	145,685	1,890	-	147,575
Vehicles	397,486	117,540	(93,128)	421,898
Subtotal	10,633,180	587,326	(94,281)	11,126,225
Accumulated depreciation:				
Buildings and structures	1,041,442	159,751	-	1,201,193
Computer technology	32,504	4,856	(1,153)	36,207
Land improvements	952,893	120,050	-	1,072,943
Machinery and equipment	288,216	35,408	-	323,624
Office furniture and fixtures	49,034	8,439	-	57,473
Vehicles	171,236	55,716	(93,128)	133,824
Subtotal	2,535,325	384,220	(94,281)	2,825,264
Net capital assets being depreciated	8,097,855	203,106	-	8,300,961
Net capital assets	\$ 18,340,842	\$ 203,106	\$ -	\$ 18,543,948



# West Bloomfield Township

## Parks and Recreation Commission

**Notes to Financial Statements**  
**December 31, 2006**

### Note 4 - Capital Assets (Continued)

Depreciation expense was charged to departments as follows:

Administration	\$ 67,096
Recreation	4,690
Park operations	217,563
Family Aquatic Center	68,254
Transportation	<u>26,617</u>
Total	<u>\$ 384,220</u>

At the present time, the Commission operates 520 acres, as follows:

Sites	Acres
Bloomer Park	36
Bloomfield Knolls Park	2
Civic Center Park	70
Community Sports Park	15
Drake Sports Park	52
Marshbank Park	108
Sylvan Manor Park	3
West Bloomfield Trail Network	28
West Bloomfield Woods Nature Preserve	162
Karner Farm	33
Schulak Farm	5
West Bloomfield Family Aquatic Center	5
Walnut Lake Road parcel	<u>1</u>
Total acres	<u>520</u>

# West Bloomfield Township

## Parks and Recreation Commission

### Notes to Financial Statements December 31, 2006

#### Note 5 - Budget Information

The annual budget is prepared by the finance committee, adopted by West Bloomfield Township Parks and Recreation Commission, and approved by the West Bloomfield Township board. Subsequent amendments are approved by the Commission. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at December 31, 2006 has not been calculated. During the current year, the budget was amended in a legally permissible manner.

The budget has been prepared in accordance with accounting principles generally accepted in the United States of America. The budget has been adopted on an activity basis; expenditures at this level in excess of amounts budgeted are a violation of Michigan law. A comparison of actual results of operations to the General Fund budget at the activity level adopted by the Commission is included in the required supplemental information.

The originally adopted 2007 budget has expenditures budgeted over revenue in the amount of \$352,012, which has been designated in the General Fund.

#### Note 6 - Deferred Revenue

The General Fund reports deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. The General Fund also defers revenue recognition in connection with resources that have been received but not yet earned. At the end of the current year, the various components of deferred revenue are as follows:

	Unavailable	Unearned	Total
Grants not received within 60 days of year end	\$ 74,769	\$ -	\$ 74,769
Grants received in advance	-	3,415	3,415
Advances on programs	-	38,312	38,312
Total	<u>\$ 74,769</u>	<u>\$ 41,727</u>	<u>\$ 116,496</u>

# West Bloomfield Township

## Parks and Recreation Commission

### Notes to Financial Statements December 31, 2006

#### Note 7 - Long-term Debt

Long-term obligation activity can be summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Land acquisition bonds: Amount of issue: \$2,100,000 Maturing through 2007	3.90% - 3.95%	\$260,000 - \$280,000	\$ 550,000	\$ -	\$ 270,000	\$ 280,000	\$ 280,000
Family Aquatic Center bonds: Amount of issue: \$2,400,000 Maturing through 2007	3.55%	\$320,000 - \$350,000	695,000	-	345,000	350,000	350,000
Total			\$ 1,245,000	\$ -	\$ 615,000	\$ 630,000	\$ 630,000

Annual debt service requirements to maturity for the above obligations are as follows:

	Principal	Interest	Total
2007	\$ 630,000	\$ 11,743	\$ 641,743

#### Note 8 - Defined Contribution Retirement Plan (West Bloomfield Money Purchase Plan)

The Commission provides pension benefits to all of its full-time and qualifying part-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment.

As established by Commission resolution, the Commission contributes 5 percent of employees' gross earnings for employees hired prior to October 31, 2003.

Effective November 1, 2003, an amendment to the defined contribution retirement plan was made resolving that the Commission will contribute 10 percent of each employee's gross earnings for employees hired on or after the effective date, but these employees will not be able to participate in the defined benefit pension plan (as described in Note 9 below).

# **West Bloomfield Township Parks and Recreation Commission**

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## **Notes to Financial Statements December 31, 2006**

### **Note 8 - Defined Contribution Retirement Plan (West Bloomfield Money Purchase Plan) (Continued)**

The Commission's contributions for each employee hired prior to October 31, 2003 are fully vested after eight years of service. Employees hired after October 31, 2003 are fully vested after six years of service. In accordance with these requirements, the Commission contributed approximately \$73,450 for the year ended December 31, 2006.

### **Note 9 - Defined Benefit Pension Plan**

**Plan Description** - The Commission participates in the Charter Township of West Bloomfield Employees Retirement System, a defined benefit pension plan that covers all full-time and qualified part-time employees of the Commission hired prior to November 1, 2003. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. The plan is administered through ING Insurance Company. The plan does not prepare an annual financial statement, either as a stand-alone financial report or by inclusion in the report of a public employee retirement system or another entity.

**Funding Policy** - The obligation to contribute to and maintain the system for these employees was established by Commission resolution for the parks and recreation employees. The plan does not require an employee contribution.

**Annual Pension Cost** - For the year ended December 31, 2006, the Township's annual pension cost of approximately \$4,316,000 for the plan was equal to the required contribution of approximately \$4,264,000, less interest of approximately \$80,000 on the net pension asset, plus an adjustment to the actuarially required contribution of approximately \$131,000. The Township's actual contribution was approximately \$4,264,000, of which the Commission's portion was \$73,450. The annual required contribution was determined as part of an actuarial valuation at December 31, 2004, using the individual entry age normal cost method. Significant actuarial assumptions used include (a) a 7.5 percent investment rate of return, (b) projected salary increases of 4.5 percent, and (c) 3.0 percent per year cost of living adjustments. Both (a) and (b) include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a five-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 24 years.

# West Bloomfield Township

## Parks and Recreation Commission

### Notes to Financial Statements December 31, 2006

#### Note 9 - Defined Benefit Pension Plan (Continued)

The system does not make separate measurements of assets and actuarial accrued liabilities for individual employees. The total defined benefit pension plan, of which the Commission is a part, is represented in the following three-year trend information:

	Fiscal Year Ended December 31		
	2004	2005	2006
Annual pension cost (APC)	\$ 3,162,000	\$ 3,751,000	\$ 4,316,000
Percentage of APC contributed	99%	100%	99%
Net pension asset	\$ 1,113,000	\$ 1,065,400	\$ 1,014,169

	Actuarial Valuation at December 31		
	2003	2004	2005
Actuarial value of assets	\$ 51,622,204	\$ 54,912,591	\$ 59,493,069
Actuarial accrued liability (AAL) (entry age)	\$ 64,597,088	\$ 73,201,404	\$ 79,692,787
Unfunded AAL (UAAL)	\$ 12,974,884	\$ 18,288,813	\$ 20,199,718
Funded ratio	79.9%	75.0%	74.7%
Covered payroll	\$ 17,106,766	\$ 19,162,317	\$ 18,681,528
UAAL as a percentage of covered payroll	75.8%	95.4%	108.1%

#### Note 10 - Risk Management

The Commission is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Commission has purchased commercial insurance for medical benefit claims, participates in the Michigan Municipal League risk pool for claims relating to workers' compensation, and participates in the Michigan Municipal Risk Management Authority (state pool member) for claims relating to property, torts, and errors and omissions. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal League risk pool program and the state pool of the Michigan Municipal Risk Management Authority risk pool program operate as common risk-sharing management programs for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

# **West Bloomfield Township**

## **Parks and Recreation Commission**

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**Notes to Financial Statements**  
**December 31, 2006**

### **Note 11 - Postemployment Benefits**

The Commission provides health care benefits to all full-time employees upon retirement in accordance with the personnel policy. Currently, three retirees are eligible. The Commission includes pre-Medicare retirees and their dependents in its insured health care plan, with no contribution required by the participant. Expenditures for postemployment health care benefits are recognized as the insurance premiums become due; during the year ended December 31, 2006, this amounted to approximately \$33,000.

The Governmental Accounting Standards Board has recently released Statement Number 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending December 31, 2009.

## **Required Supplemental Information**

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# West Bloomfield Township

## Parks and Recreation Commission

### Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended December 31, 2006

	Original Budget	Amended Budget	Actual	Variance with Amended Budget	
				Favorable (Unfavorable)	Percent
<b>Revenue</b>					
Property taxes:					
General	\$ 927,115	\$ 936,160	\$ 936,160	\$ -	-
Land	1,469,257	1,486,692	1,486,692	-	-
Active recreation	868,900	878,966	878,966	-	-
Recreation program fees and other user charges	402,842	472,000	489,163	17,163	4
Facility rental revenue	39,100	31,000	32,635	1,635	5
Interest	35,000	115,000	126,467	11,467	10
SMART transportation grants	352,852	231,860	190,013	(41,847)	(18)
Other income	20,500	17,000	28,732	11,732	69
Sponsorship income	5,000	10,600	10,600	-	-
CDBG barrier free	70,000	-	-	-	-
CDBG senior support	39,679	37,372	57,057	19,685	53
Tree grants	500	-	500	500	-
Total revenue	4,230,745	4,216,650	4,236,985	20,335	1
<b>Expenditures</b>					
Commission	34,120	34,120	29,930	4,190	12
Administration	826,543	817,183	726,605	90,578	11
Recreation	1,150,912	1,211,284	1,113,806	97,478	8
Park operations	1,328,650	1,092,029	1,060,839	31,190	3
Transportation	351,722	201,214	184,592	16,622	8
Land acquisition	120,000	-	-	-	-
Debt service:					
Karner and Schulak Farms	286,393	286,693	286,693	-	-
Family Aquatic Center	363,549	363,849	363,849	-	-
Park development and capital	305,000	410,336	400,389	9,947	2
Total expenditures	4,766,889	4,416,708	4,166,703	250,005	6
<b>Change in Fund Equity</b>	(536,144)	(200,058)	70,282	270,340	
<b>Fund Equity</b>					
Beginning of year	1,210,032	1,210,032	1,210,032	-	
End of year	<u>\$ 673,888</u>	<u>\$ 1,009,974</u>	<u>\$ 1,280,314</u>	<u>\$ 270,340</u>	





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May 10, 2007

To the Finance Committee  
West Bloomfield Parks &  
Recreation Commission  
4640 Walnut Lake Road  
West Bloomfield, MI 48323

We have recently completed our audit of the financial statements of West Bloomfield Parks & Recreation Commission for the year ended December 31, 2006. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible. This report is intended solely for the use of the finance committee, the commissioners, and others within the organization.

### **Auditor's Responsibility Under Auditing Standards Generally Accepted in the United States of America**

We conducted our audit of the financial statements of West Bloomfield Parks & Recreation Commission in accordance with auditing standards generally accepted in the United States of America. The following paragraphs explain our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's responsibility. We may make suggestions as to the form or content of the financial statements or even draft them, in whole or in part, based on management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the representations of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than with those items of lesser importance or those in which the possibility of material error is remote. For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

### **Significant Accounting Policies**

Auditing standards call for us to inform you regarding the initial selection of, and change in, significant accounting policies or their application. In addition, we are expected to inform you about the methods used to account for significant unusual transactions and the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. There were no significant unusual transactions or controversial or significant emerging areas for which new accounting policies were needed.

### **Management's Judgments and Accounting Estimates**

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Auditing standards call for us to report to you on accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments. Further, we are expected to report to you about the process used by management in formulating particularly sensitive accounting estimates and about the basis for our conclusions regarding the reasonableness of those estimates. We noted no matters related to sensitive accounting estimates.

### **Audit Adjustments**

Auditing standards call for us to report to you significant audit adjustments that, in our judgment, may not have been detected except through the auditing procedures we performed. As a result of our audit, no significant adjustments were made to the financial statements. However, we have attached a copy of the journal entries that were made during the course of our audit to help you understand the nature of the adjustments that were made.

Auditing standards also require us to inform the audit committee about uncorrected possible financial statement adjustments identified by us during the current engagement and pertaining to the latest period presented, which were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole.. There were no unrecorded possible financial statement adjustments.

### **Other Information in Documents Containing Audited Financial Statements**

When our audit report and the audited financial statements are included in a client document, we have a responsibility to read that document and consider whether anything therein is inconsistent with the information in the audited financial statements. It is our understanding that the audited financial statements are currently not expected to be included in any other document.

### **Disagreements with Management**

There were no disagreements with management over the application of accounting principles or the basis for management's judgments about accounting estimates. Additionally, there were no disagreements regarding the scope of the audit, disclosures to be included in the financial statements, or the wording of the auditor's report.

### **Consultation with Other Accountants**

When management consults with other accountants about significant accounting and auditing matters, auditing standards require that we present our views on those matters to you. To our knowledge, there were no such consultations with other accountants.

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Very truly yours,

**Plante & Moran, PLLC**

A handwritten signature in black ink, appearing to read "Leslie J. Pulver".

Leslie J. Pulver